

EXAMINER'S BANKING PRACTICES SURVEY

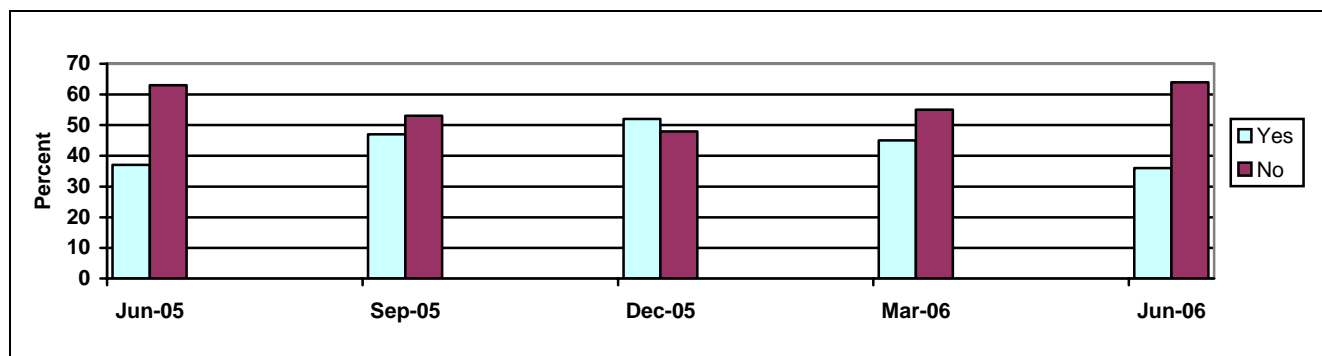
Second Quarter 2006

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Second Quarter 2006** results are compiled from **31** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
RE/Const/Land Devel	18%	32%	31%	21%	27%
RE/Agricultural	9%	5%	15%	18%	23%
RE/Commercial/Indust	18%	21%	23%	18%	11%
RE/Residential	12%	13%	10%	14%	11%
Agricultural	4%	11%	8%	11%	11%
Commercial/Industrial	30%	13%	8%	18%	17%
Consumer	9%	5%	5%	0%	0%

2. Is the institution active in making the following types of loans?

	Sep-05		Dec-05		Mar-06		Jun-06	
	Yes 6%	No 94%	Yes 0%	No 100%	Yes 0%	No 100%	Yes 7%	No 93%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	50%		0%		0%		0%	
Dealer paper	50%		0%		0%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	0%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

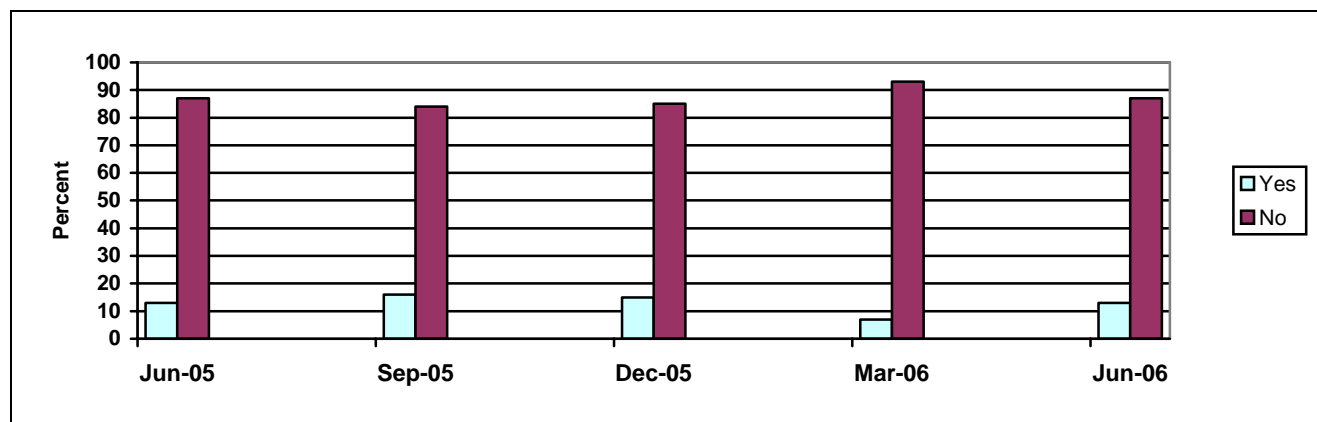
	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Yes	7%	3%	0%	0%	10%
No	93%	97%	100%	100%	90%

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4. Does the institution use credit scoring models for loan decisions?

	Sep-05		Dec-05		Mar-06		Jun-06	
	Yes 19%	No 81%	Yes 15%	No 85%	Yes 3%	No 97%	Yes 13%	No 87%
Of Yes Responses - Loan type								
Credit card	8%		8%		20%		12%	
Consumer	17%		31%		20%		44%	
Residential mortgage	33%		31%		20%		22%	
Small business	25%		23%		20%		22%	
Other	17%		7%		20%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Making collateral based loans?	43%	37%	25%	33%	44%
Reduced collateral margins?	0%	18%	13%	0%	12%
Not requiring cash flow projections?	14%	9%	25%	34%	22%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	43%	27%	13%	0%	22%
Waiving guarantees or other documentation?	0%	0%	13%	33%	0%
Other	0%	9%	11%	0%	0%

6. Describe potential risk in current underwriting practices for:

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Agricultural Loans					
Minimal	90%	78%	76%	90%	74%
Moderate	10%	19%	24%	10%	23%
Substantial	0%	3%	0%	0%	3%
Commercial Loans					
Minimal	70%	56%	67%	68%	61%
Moderate	30%	41%	33%	29%	32%
Substantial	0%	3%	0%	3%	7%
Consumer Loans					
Minimal	77%	88%	88%	87%	74%
Moderate	23%	9%	12%	13%	26%
Substantial	0%	3%	0%	0%	0%
Residential Loans					
Minimal	73%	81%	76%	84%	77%
Moderate	27%	16%	24%	16%	23%
Substantial	0%	3%	0%	0%	0%

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7. Differences between actual lending practices and written policies are:

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Agricultural Loans					
Minimal	97%	84%	97%	87%	94%
Moderate	3%	16%	3%	13%	3%
Substantial	0%	0%	0%	0%	3%
Commercial Loans					
Minimal	83%	75%	76%	84%	81%
Moderate	17%	22%	24%	13%	16%
Substantial	0%	3%	0%	3%	3%
Consumer Loans					
Minimal	93%	94%	94%	90%	84%
Moderate	7%	6%	6%	10%	16%
Substantial	0%	0%	0%	0%	0%
Residential Loans					
Minimal	97%	84%	85%	93%	93%
Moderate	3%	16%	15%	7%	7%
Substantial	0%	0%	0%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Carryover Debt					
Minimal	97%	84%	85%	90%	77%
Moderate	3%	16%	15%	10%	23%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	93%	97%	85%	84%	87%
Moderate	7%	3%	12%	10%	13%
Substantial	0%	0%	3%	6%	0%
Drop in Land Values					
Minimal	90%	81%	76%	74%	84%
Moderate	10%	16%	21%	19%	16%
Substantial	0%	3%	3%	7%	0%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Sep-05		Dec-05		Mar-06		Jun-06	
No. Banks with Inc/(Dec) in ratio (%)	+	60%	-	40%	+	57%	-	43%
Average Inc/(Dec) in Ratio	9.4	(9.0)	9.6	(6.9)	6.4	(8.3)	8.1	(5.8)
Cause of Increase								
Eased underwriting standards	4%		4%		4%		5%	
Deterioration in new loans	9%		15%		24%		19%	
Deterioration in older loans	61%		42%		60%		48%	
Participations or out-of-territory	0%		8%		4%		0%	
Economic conditions	4%		15%		8%		5%	
Changes in lending personnel	0%		0%		0%		0%	
New types of lending activity	4%		4%		0%		0%	
Other	18%		12%		0%		23%	

10. Estimate loan classifications at this examination into the following types:

Loan Type	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
RE/Const/Land Development	7%	9%	25%	15%	4%
RE/Agriculture	3%	6%	3%	7%	2%
RE/Commercial/Industrial	36%	37%	25%	30%	54%
RE/Residential	26%	25%	26%	14%	11%
Agricultural	2%	3%	3%	1%	1%
Commercial/Industrial	22%	14%	12%	27%	25%
Consumer	4%	6%	6%	6%	3%

Ratios from March 2005 and forward are weighted by dollar volume of classified loans for all respondents. Prior ratios are an average of percentages from each bank (not dollar weighted).

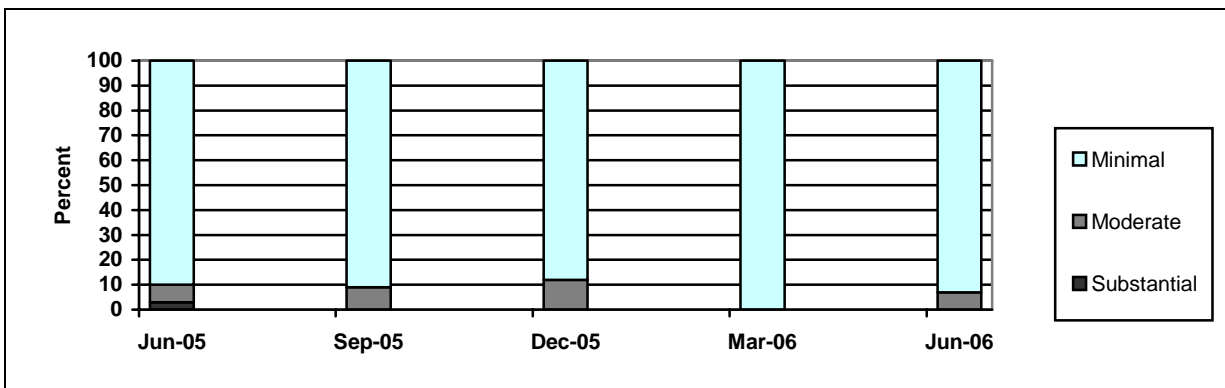
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Yes	0%	0%	0%	0%	0%
No	100%	100%	100%	100%	100%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Yes	87%	87%	73%	81%	58%
No	13%	13%	27%	19%	42%
If yes, does the bank actively borrow from the FHLB?					
Yes	77%	89%	75%	76%	89%
No	23%	11%	25%	24%	11%

14. Does the bank hold off-balance sheet derivatives?

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Yes	3%	3%	0%	0%	10%
No	97%	97%	100%	100%	90%

15. List nontraditional activity the institution is engaged in.

	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06
Yes	77%	75%	70%	84%	81%
No	23%	25%	30%	16%	19%
Of those that do:					
Nondeposit Investment Sales	26%	21%	23%	28%	19%
Insurance Sales	10%	11%	17%	7%	10%
Real Estate Loan Secondary Market Sales	26%	23%	21%	26%	21%
Non-transactional Web Site	2%	9%	9%	4%	6%
Transactional Web Site	36%	36%	26%	33%	44%
Other	0%	0%	4%	2%	0%